

Newspaper: The Sun

Date: June 27, 2007

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Insurance bill looms as positive step for Westerly Hospital's own financial health

A new Rhode Island bill designed to help stabilize the financial health of Rhode Island's eight community hospitals would help those hospitals recoup a share of their "bad debt."

That means it represents a step in the right direction for solving a longstanding problem – even though it hardly looms as a single miracle cure for those hospitals' financial ills.

The measure – technically a series of amendments to both the state's "Large Group Health Insurance Coverage Act" and the "Small Employer Health Insurance Availability Act" – would require insurance companies to pay the hospitals 70 percent of any copay or deductible cost that an insured patient either can't or won't cough up.

That, indeed, would help make a dent in the perpetual red ink that The Westerly Hospital and other nonprofit facilities have had to absorb. Westerly Hospital President and CEO Charles Kinney – one of the prime movers behind the bill – noted that the Wells Street facility could stand to recoup up to a half-million dollars in co-payment and deductible write-offs within the bill's first year.

Even Kinney noted that the bill – introduced and carried in large part by local Reps. Peter Lewiss, D-Westerly, and Brian Patrick Kennedy, D-Hopkinton – certainly won't address all of Westerly's and other hospitals' financial ills. Rhode Island's nonprofit hospitals, like others across the country, have been dealt a lengthy series of financial setbacks by insurance companies' failure to reimburse realistic dollar amounts for provided care. And community nonprofit hospitals such as Westerly – which, by federal mandates, must provide care for all comers, regardless of insurance coverage or anyone's ability to pay – are hurt by growing numbers of uninsured patients whose care is not covered at all.

But covering the co-payment shares or deductibles for those who have workplace health insurance but fail to fulfill their obligations is a start. The hospitals have a responsibility to try to collect copayments and deductible costs – and Kinney noted that The Westerly Hospital has stepped up its efforts to collect those payments up-front over the past two years. But many of the cases in which those bills are left unpaid stem from emergency-room visits or ambulance transports, where community hospitals have little or no leeway to require any initial payment. That's a large percentage of what this bill aims to address.

While putting the onus for covering the unpaid deductible or co-payment costs on the insurance firms, the bill basically leaves it up to the insurance carrier and the patient's employer to determine how to collect from the worker. That really puts the onus on the worker or patient. Yet it could also put the employer in a bind as well.

If insurance companies ultimately wind up having to cover the cost of any unpaid deductible, and neither the carrier nor the employer can effectively force the employee to pay the bill, there's nothing saying the insurer can't basically pass the costs onto the employer through premium hikes for the company and all of its employees. Still, that would again place the responsibility on the insured worker – and one can argue that's where a large part of the responsibility should rest.

Indeed, much of this bill has to do with responsibility. One section, for example, allows companies to continue to provide workers with low-cost premium plans that carry high co-pays and/or high deductibles. But in those cases, the new bill calls for the employer to provide the insurance carrier documentation that either the company or worker has a health-insurance "savings account" to cover high-deductible costs. That's a provision that should help the hospitals and insurance companies alike – while also giving businesses incentives to avoid such plans and offer more thorough coverage.

The only plans not covered by the bill? Large-scale, self-insured, non-commercial plans provided by – among a few others – the state and its municipalities. And, yes, the public-sector plans are indeed issues that Kinney and Lewiss admit will have to be addressed down the line. Still, given today's governmental climate, it's also easy to see why lawmakers and others backing this bill were reluctant to include a provision that could conceivably give insurance providers a window to raising premium costs that are still borne, in large part, by taxpayers.

All in all, this looms as a good bill that represents a good stab at tackling one of the obstacles facing our community hospitals. And, in that sense, it represents a move to help the health of our communities as a whole.

It deserves a chance – and Gov. Donald Carcieri's signature in the days ahead.